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Viewing cable 08ATHENS262, PROMETHEUS GAS CHAIRMAN: NO SOUTHSTREAM THROUGH

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- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
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Reference ID	Created	Released	Classification	Origin
08ATHENS262	2008-02-26 05:37	2011-08-30 01:44	CONFIDENTIAL//NOFORN	Embassy Athens

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C O N F I D E N T I A L SECTION 01 OF 02 ATHENS 000262

SIPDIS

C O R R E C T E D C O P Y (TEXT IN PARA 6)

NOFORN

SIPDIS

E.O. 12958: DECL: 02/24/2018

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SUBJECT: PROMETHEUS GAS CHAIRMAN: NO SOUTHSTREAM THROUGH
GREECE IN NEAR FUTURE

ATHENS 00000262 001.2 OF 002

Classified By: Ambassador Daniel V. Speckhard for reasons
1.4 (b) and (d)

Summary

¶1. (C) Prometheus Gas Chairman Dimitri Copelouzos told the Ambassador and the acting Economic Deputy in a meeting on February 15 that he does not see Gazprom moving ahead with Southstream through Greece for many years. Copelouzos also indicated Prometheus Gas could supply another 3 bcm to Greece via Bulgaria in as little as eight months at a cost of 50 million euros. Other highlights of the meeting include a discussion of the Copelouzos Group's business activities in Greece and the Balkans; Russian energy activities in Greece, including the Gazprom/DEPA energy supply agreement; and the Trans-Adriatic Pipeline. End Summary.

Copelouzos Group Investments in Greece and the Balkans

¶2. (C) Copelouzos, who is also the Chairman and Managing Director of the Copelouzos Group of Companies was joined by his General Manager, Ioannis Karydas, in a meeting with the Ambassador and the acting Economic Deputy on February 15. Copelouzos informed the Ambassador that his Group's investments in Greece are focused in the energy sector and laid out his major investment projects. According to Copelouzos, his group has built approximately 65 to 70 percent of all power plants (hydro, diesel, lignite and combined cycle) in Greece. In addition, eight months ago, Copelouzos Group won a government tender to build the country's first fully privately-owned power plant. Copelouzos hopes to execute the contract with the government for the 400 MW plant within the next 15 days; however, he expressed some frustration that the government has dragged its heels for several months. (Comment: New power plants such as those Copelouzos described have a potentially important role in promoting our Southern Corridor Strategy. They represent the first significant expansion in Greek domestic gas demand in the coming years. End Comment.)

¶3. (C) Copelouzos also told the Ambassador that his group is a leader in photovoltaic energy in Greece. His group hopes to have a photovoltaic plant near Patras on-line in as soon as eleven months. The Group's other activities in Greece include selling natural gas and investing in mixed projects with the Greek state, including the new airport and the suburban rail extension to the airport. Most recently, the Copelouzos Group has engaged with the GOG to build a new casino and resort near the new airport. Copelouzos described the concept as a "mini Las Vegas," and indicated that the government might publish a tender for Greece's second casino license within the next six months. He believes the investment will be good for Greece and will increase usage of the urban rail, which currently is underutilized.

¶4. (C) Copelouzos Group is very active elsewhere in the Balkans as well. The Group has invested in a power plant in Bulgaria together with the Bulgarian National Electric Company (NEC). In Albania, the Group recently won a tender for a 200 MW diesel power plant and is negotiating with the government for a 300 MW combined cycle plant near the Greek border. (Comment: This plant potentially would be fed with gas coming off a spur from TGI. End Comment.) The Group is looking for an American company to co-invest in the latter project. Copelouzos's firm is actively pursuing investments in Macedonian power plants, but he does not believe the GOM

is ready yet for serious negotiations, despite the country's considerable need for additional electricity.

Southstream

15. (C) The Ambassador probed Copelouzos on his thoughts regarding Southstream. Copelouzos indicated that the Russians are thinking seriously about Southstream, and the project is a priority for Gazprom as it continues to look for more ways to export its gas. According to Copelouzos, the

ATHENS 00000262 002.2 OF 002

Russians have already signed agreements with Bulgaria and Serbia for the export of gas. Copelouzos believes that these and other countries are eager to sign agreements with Gazprom due to transit disputes between Turkey and Azerbaijan. When pushed on the issue of whether Gazprom desires to own a pipeline in Greece, Copelouzos responded that Gazprom has proposed a line through Greece to Italy, but that the Russians have already made a deal with Serbia for export of their gas to Central Europe. Gazprom has not signed anything with the Greeks.

16. (C) Copelouzos stated that he likes the idea of Southstream in Greece because it will bring in more gas and building the pipeline could be an important project for his company. That said, he indicated that a submarine pipeline and another line to Italy does not make sense. The Ambassador thanked Copelouzos for this information and emphasized the USG's strong support for TGI through Greece. Copelouzos added that it does not make sense for Gazprom to build several lines in the near future. In his opinion, Southstream would not be realized for many years.

Gas Supplies for Greece

17. (C) In response to the Ambassador's question about whether the GOG has signed a new agreement to double Gazprom gas supplies to Greece, Copelouzos responded that the current agreement for 3 bcm expires in 2016. He explained that Copelouzos Group's joint venture with Gazprom, Prometheus Gas S.A., could provide another 3 bcm to Greece for the first time this year because DEPA (Greece's public gas supply corporation) has sold all its gas already. The extra 3 bcm could be delivered to Greece via Bulgaria, according to Copelouzos. As is, the current pipeline could deliver an extra 500 mcm. The remainder of the extra 3 bcm could be delivered with adjustments to the pipeline that would cost approximately 50 million euros and take up to eight months.

Trans-Adriatic Pipeline (TAP)

18. (C) When questioned by the Ambassador about the TAP, Copelouzos responded that there are many pipelines reported on in the news, but that the Turkey-Greece-Italy pipeline is the true pipeline. He stated that he does not know when it might be possible to execute the TAP, but that ultimately, it would depend upon the gas supply from Turkey. Copelouzos indicated that for an 11 bcm line to be built, one needs both supply and demand.

A Note on Diversification

19. (C) The Ambassador concluded the meeting by stating that the U.S. was very interested in the energy sector in Greece and the region, and that it was our hope that the sector would remain transparent and open to competition. He stated that the U.S. has no issue with Russia or Gazprom as a major supplier to Europe and Greece. However, we feel strongly that there needs to be diversification in energy suppliers and routes. Copelouzos concluded by saying that his company will buy gas from whomever has the better price.

